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Grassroots Alliance

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Defending the Interests of 75 Million U.S. Homeowners

March 25, 2009

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Office of the Secretary,
Federal Communications Commission,
445 12th Street, SW, Suite TW-A325,
Washington, DC 20554.
Via: http://www.fcc.gov/cgb/ecfs/

COMMENT ON RURAL BROADBAND STRATEGY
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The American Homeowners Grassroots Alliance is a nonpartisan national consumer advocacy organization dedicated to assisting the nation's 75 million homeowners understand significant policy issues affecting homeowners and homeownership, and empowering homeowners to make their voices heard by state and federal officials.

We offer this information primarily to assist in the FCC's efforts to coordinate both short and long-term needs assessments and solutions for a rapid build-out of rural broadband solutions and the application of the recommendations for federal, state, regional, and

local government policymakers as well as to identify how specific Federal agency programs and resources can best respond to rural broadband requirements and overcome obstacles that currently impede rural broadband deployment. We also offer some brief suggestions regarding the other objectives of the rural broadband strategy (to promote interagency coordination of Federal agencies in regards to policies, procedures, and targeted resources, to streamline or otherwise improve the policies, programs, and services, and to coordinate existing Federal rural broadband or rural initiatives).

Needs assessments are critical because of their importance to resource allocation. Some very significant factors in needs assessment can easily be overlooked or underestimated. Procedures to accurately gauge current and potential broadband needs must be incorporated into the rural broadband funding allocation process to maximize the success and cost effectiveness of rural broadband build-out.

Approximately 60 million Americans live in rural locations. Because housing is generally much more affordable in rural areas, a large share of rural residents are homeowners. Rural populations are not monolithic. The makeup and needs of a rural population in one area can be very different than those in another area for a variety of reasons. Those needs are also changing, much more rapidly in some cases than in others.

The demographics of rural residents as they relate to broadband usage are changing due to several factors. Young native rural residents almost everywhere are increasingly computer and Internet literate due to the increased availability and educational usage of computers and the Internet in schools and libraries. As a result, an increasing percentage of native rural residents are aware of the growing benefits of broadband and have the skills to use it. Unfortunately the migration of younger rural residents to suburbs and cities that began in the early 1900s continues, and the total population in many rural areas is static or shrinking. These two trends are probably among the most universal and widespread changes in rural populations.

Some rural areas are gaining population rapidly. The main reason is the rapid migration of former urban and suburban residents into many rural areas. This population is generally younger and already computer and Internet literate. A major driver of this phenomenon, which has been largely overlooked in discussions regarding a rural broadband strategy, is the real estate term "drive until you qualify". Home prices in most major urban and suburban areas rose dramatically in the first half of this decade. Young couples and singles who desired a single family home simply moved further and further from cities where land and home prices were less and they could qualify for a mortgage. Many more now live in rural areas outside of the exurbs and far exurbs. The pattern is an ever expanding series of concentric circles outside of large cities, with the greatest concentration of new homes and residents along major arteries to those cities.

The deployment of high speed broadband has tended to follow a similar pattern, but in many areas the rural migration is still ahead of the broadband deployment. An example that we believe is representative of the same pattern in most other cities is around Washington, DC. Outside of the Washington DC area the rural migration has already

reached beyond the western end of Interstate route 66, which runs due west for about 80 miles from Washington, DC to its end at Interstate route 81, at that point about 15 miles east of the West Virginia border. There, in the small town of Strasburg Virginia (population 4,000), there are park and ride lots at both exits to the town. At midday on Wednesday June 18 there were 16 cars parked in one of the lots and 24 in the other. Most of those cars belong to office workers who commute to the Washington DC area. Based on personal observations of the makeup of residents of Strasburg and the surrounding area over 30 years, many additional residents in or near to Strasburg carpool or drive alone in their own cars to jobs in the DC area.

Some of these commuters live in newer housing developments on the outskirts of the town and others live in new or existing homes in the surrounding Shenandoah Valley or Blue Ridge Mountains. Although this migration has been in full bloom for a decade, Shenandoah Telephone Company (Shentel) first began offering DSL service only two years ago and that DSL service is available only for about 3 miles outside of Strasburg. Substantial broadband demand in Strasburg appears to have long preceded its availability, but we do not know whether Shentel's lag in providing DSL service is representative of small rural telephone companies in other similar rural towns. There is no other broadband provider in the area. New cell phone towers have also gone up along the rt. 81 corridor in recent years, and many Shenandoah county residents who cannot get DSL service can get cell phone reception. However others, particularly in the mountainous areas, can get neither and some residents in the surrounding tiny wooded mountain valleys can't get satellite service.

Because of their backgrounds, most of the recent new residents of Strasburg and the surrounding area are much more likely to become broadband adopters than are most long term area residents, many of who are fifth and six generation and from farming backgrounds. Unfortunately, the integration of new populations into a community takes time, as it always has over the history of our country. Many of the new Strasburg area residents still have most of their ties to the DC area and have not yet gotten involved with the local government. Conversely, the majority of residents active in the affairs of the town government continue to be the same folks who have been involved for decades. The town of Strasburg has not done a formal or informal broadband needs assessment either in the town or the areas outside of town. For these reasons it would be difficult for the town to assess immediate broadband demand.

Strasburg does not have full time IT staff. A part time tech support person works on the town's computer network in the evening. Town manager Kevin Fauber is aware that Congress has created some funding for rural broadband rollout, but the Town Council has not as yet applied for a grant through the VA website (The deadline for applications for the first round of state funding has now expired) nor has it as yet sought additional information about possible grants to deploy rural broadband in Strasburg or surrounding areas.

There are two important implications to be drawn from the aforementioned observations:

1. For many rural areas like Strasburg, there is a substantial immediate potential demand for broadband services. The adoption rate for broadband services and potential for future growth in the many towns like Strasburg is likely to be very much greater than in other rural towns of a similar size with different demographics and stable or declining populations. These other towns with similar demographic characteristics that exist beyond the outer exurbs of most major cities are easily identified, and grant proposals to expand broadband access in these areas are likely candidates for broadband expansion efforts. However, in many cases local demand in those towns has not been measured and is not fully known to local rural governments. For that reason optimal allocation of federal broadband deployment resources cannot be determined until such assessments are made. This creates a particular challenge in the face of the need for shovel ready projects.
2. Unlike larger cities, many small town or county governments have limited internal technology expertise or local resources to provide guidance on proposal development, vendor selection, or management of federal or state grants that might be available to them. They will need assistance in the form of independent technology guidance, federally or state approved vendor lists, or other tools.

There are other drivers of rural broadband demand that may exist in other rural towns. These may include the presence of a large employer, especially an employer with requirements for a skilled workforce; the presence of a small hospital or small college or junior college; and/or the presence of organizations and agencies that provide outreach, access, equipment, and support services to facilitate greater use of broadband service by low-income, unemployed, aged, and otherwise vulnerable populations. The distribution of rural towns with such features is much more geographically random, but nevertheless these features can also serve as indicators of likely immediate broadband demand and high future broadband adoption potential. These factors can and should be incorporated in the assessment criteria.

These considerations are critical to the success of a rural broadband strategy and address another core rural broadband strategy objective of determining how to best respond to rural broadband requirements and overcome obstacles that currently impede rural broadband deployment. There are many, many other factors that must be considered as well, and many of those have been brought out in great detail in congressional and regulatory hearings and other initiatives by consumer groups, state and local government organizations, and segments of the telecom community.

Our view is that the overriding goal of a rural broadband strategy should be twofold:

1. Remain consistent with the historic, overarching purpose of US telecommunications law and the goals of this section of the Economic Recovery Act, which is to make available to all people of the United States a rapid, efficient, nation-wide wire and radio communications service with adequate facilities at reasonable charges.
2. Spend the available funds in the most efficient manner possible. There is not enough funding to provide universal high speed broadband to all consumers, and

the highest priority should be to provide the service to the unserved at the lowest unit cost, and in areas where demographics suggest that adoption rates will continue to climb. This is not to suggest that we should ignore the underserved or that more competition is not desirable in those areas. Nor should we forget those for whom the cost of providing broadband service in the future will be very, very expensive. We should not ignore or forget either of those populations, but instead get the most bang for the buck now while future technology improvements and funding availabilities enable us to reach them as well.

To achieve these objectives there should be no preferences for any particular technologies, delivery mechanisms, vehicles, or ideologies. Given technology trends there should be a preference for higher speed broadband, but cost factors and local needs may make slower technologies an acceptable alternative in specific cases. Other potential technological efficiencies should be considered as well. For example, Apple's iPhone is representative of recent portable multiservice devices that can provide both Internet and telephony services at an aggregate cost savings.

There should be no bonus or penalty points awarded based on whether a grantee was a government, nonprofit or private entity, or some combination thereof. Broadband funding awards should be based on an accurate needs assessment, evaluations of the technical and management competence of the service provider(s), and cost-effectiveness. Grants for the purpose of strengthening rural backbones should also be considered if the needs can be demonstrated.

The coordination of existing Federal rural broadband expansion initiatives and promotion of interagency coordination of Federal agencies in regards to policies, procedures, and targeted resources is going to be a major challenge. The stimulus package also includes substantial funding for health IT, and how and where those funds are spent should be coordinated with the development of a rural broadband strategy.

Another challenge is the potential for new legislation and/or regulations that would impact rural broadband availability could require midstream adjustments of a rural broadband strategy. For example Energy and Commerce Subcommittee on telecommunications Chairman Rick Boucher has suggested mandating that Universal Service Fund recipients offer broadband at a minimum speed. Such a requirement would obviously impact a rural broadband strategy. He stated that he will back a bill to revamp the program this year. The National Association of Regulatory Utility Commissioners prefers that states be allowed to revise speed requirements depending on their particular needs. The timing and outcome of such legislative initiatives is extremely difficult to predict, and could require the modification of a rural broadband strategy during its implementation.

We appreciate the opportunity to provide these constructive suggestions.

Sincerely,

Bruce N. Hahn

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President